



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

June 24, 2009

Lisa Deitz, Director of Human Resources
Lockheed Martin Aeronautics Company
1011 Lockheed Way MZ 0830
Palmdale, CA 93599-1250

Dear Ms. Deitz:

RE: FINAL MONITORING VISIT REPORT for Lockheed Martin Aeronautics Company (Lockheed)
-ET07-0386

Date of the Visit:	6/23/09
Beginning/Ending Time:	9:00 a.m. – 12:00 p.m.
Date of Last Visit:	10/1/08
Visit Location:	Palmdale, CA
Persons in attendance:	Ron Salser, Palmdale Site Lead for Engineering Training, Lockheed Ulyana Charikova, Marquis Group, San Diego Jerry Martinez, Raytheon Professional Services Marissa Tolentino, ETP Analyst
Action Required:	Yes

CONTRACT INFORMATION:

Term of Agreement:	6/5/07 – 6/4/09	Agreement Amount:	\$1,261,008
Training Start Date:	6/5/07	No. to Retain:	1,251
Date Training must be Completed:	3/6/09	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	56

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1100 J Street, 4th Floor
SACRAMENTO, CA 95814
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5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

www.etp.ca.gov
ETP (04/15/05)

FINAL REPORT SUMMARY:

The Agreement was executed on June 20, 2007 and training began on June 5, 2007. Your staff reported that all training was completed on February 26, 2009, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement – June 4, 2009.

ETP approved three revisions to your Agreement to add training topics to your Curriculum.

1. Modification 1 approved on August 6, 2007
2. Modification 2 was approved on November 16, 2007
3. Modification 3 approved on December 4, 2008.

On December 8, 2008, Ms. Charikova notified ETP that you replaced Paul Meehan as the Signatory to your ETP Agreement.

According to your project staff, of the 1,251 trainees specified on Chart 1, Exhibit A of the Agreement, 746 trainees (60%) will complete training and the 90-day retention period. The Agreement is based on a variable reimbursement training plan. Lockheed is reimbursed for the exact number of training hours provided to each trainee completing between 24 to 200 hours of training in Advanced Technology, Continuous Improvement or Manufacturing Skills. The ETP Class/Lab Tracking Report shows that you have delivered 37,571.10 class/lab training hours for 746 trainees who meet the minimum hours. Assuming all other Agreement requirements are met, Lockheed would earn approximately \$763,190.60 (61%) of the total ETP Agreement amount of \$1,261,008. All parties agreed that the above earnings is subject to change based on the final determination of ETP Executive Staff regarding your request to use your Learning Management System (LMS) to document training for several original Rosters that are missing or Rosters that do not have trainee initials for days in attendance.

Since you have been paid \$652,431.25 to date, you will receive an additional \$110,759 if the anticipated number to retain is verified during the final fiscal closeout.

When queried by the Analyst on why you did not complete 100 percent in this Agreement, Mr. Salser felt that project staff, who were involved in the development of this Agreement, overestimated the amount of training needed by Lockheed workers. Majority of the 236 trainees dropped did not complete the minimum required training hours. Thus, affecting your overall completion rate of 61%. Ms. Charikova added that there was also a two-month delay on your CATIA training since you changed training vendor from Dassault Systems to Rand Worldwide. Mr. Salser indicated that through ETP training you were able to deliver training on new processes and new projects which would have not been provided to many workers within the two-year term of this Agreement.

Mr. Salser stated that ETP recordkeeping was not a problem in spite of the recordkeeping issues you've had during the term of this Agreement. He said that through this Agreement, he learned ETP's requirements regarding training documentation which he can use on your next ETP Training Program.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	982	Completed Training:	746
Dropped Following Enrollment:	236	Completed Retention:	746
Completed Minimum Hours for reimbursement:	746	In Retention Period:	746

Your project staff reported that the above statistics are not yet reflected on the ETP Contract Status Report. Ms. Charikova states that she is waiting for ETP's determination regarding Rosters that do not meet ETP requirements (see the following discussion on Attendance Rosters) before she process the final fiscal invoice.

ATTENDANCE ROSTERS:

Since June 2007, ETP Analysts have discovered several original Rosters missing during monitoring visits. There were also Rosters with missing trainee initials. Your project staff agreed to locate the original Rosters and obtain secondary documentation to substantiate trainee delivery.

On April 28, 2009, Ms. Charikova informed Ms. Tolentino that several original Rosters remain missing and she is requesting ETP to accept photocopies of these Rosters to document ETP training. In addition, it would be very difficult to obtain trainee initials for several Rosters. Some of these trainees, who completed the Agreement requirements, are no longer employed by Lockheed.

According to Ms. Charikova, the following inadequate Rosters represent approximately \$45,000 of potential earnings.

- ***Missing Rosters***

Roster #	Course Name	Start Date	End Date	Training Hours	# of Eligible Trainees
1	CATIA V5 STL	06/07/07	06/07/07	7	1
2	CATIA V5 Drafting	06/05/07	06/06/07	16	2
3	CATIA V5 Kinematics	06/08/07	06/08/07	8	8
5	CATIA V5 Fundamentals	06/25/07	06/28/07	32	5
8	Robotic Edge Coating System (F-22 Robotics Spray)	07/09/07	07/12/07	32	2
13	Fibersim for CATIA V5	07/31/07	08/02/07	24	8
64	Program Management 101	03/18/08	03/20/08	24	20
88	Structural Integrity of New & Aging Metallic Aircraft	06/02/08	06/06/08	36	26
176	Basic Requirements Engineering (Software & Systems Engineering Role-Based Initiative)	10/13/08	10/13/08	4	14

- ***Rosters with a Few Missing Trainee Initials***

Roster #	Course Name	Start Date	End Date	Training Hours	# of Eligible Trainees	# of Trainees w/ Missing Initials
219	Tools for Emerging Leaders (Full Spectrum Leadership)	06/12/07	06/14/07	24	28	3
220	Tools for Emerging Leaders (Full Spectrum Leadership)	08/07/07	08/09/07	24	17	3
221	Digital Data Acquisition, DSP, and Data Analysis (Software & Systems Engineering Role-Based Initiative)	08/13/07	08/17/07	40	14	3
222	Cutworks (Software & Systems Engineering Role-Based Initiative)	09/15/08	09/18/08	32	6	1

The Analyst reminded Ms. Charikova that for missing original Rosters and trainee signatures/initials, you must submit secondary source documents to determine if sufficient information exists to substantiate training was delivered in accordance with the requirements set forth in the agreement. Further, secondary source documentation is not the reconstruction of records, recollections of trainees that they received some training, or recollections from trainers that training was delivered.

On May 11, 2009, Ms. Charikova submitted copies of your Learning Management System (LMS) transcript history confirming delivery of training listed above with the exception of Roster # 222 which was not reported on your LMS.

During this visit, your project staff was informed that your request is currently being reviewed by ETP Executive Staff for consideration.

Ms. Tolentino reviewed Class/Lab Rosters of 18 trainees billed on Invoices 4 through 7. The Analyst found a discrepancy on the training hours reported for Gary Morgan. The Roster shows that the trainee did not attend training on September 27, 2007. However, the ETP Tracking System lists eight hours of training for this day. Your project staff agreed that the training hours completed for Mr. Morgan should be reduced from 48 hours to 40. However, the trainee has been paid by ETP for completion of payment (P4). Therefore, project staff are unable to rectify the ETP Tracking System. Ms. Tolentino agreed to request from ETP Fiscal Unit to process the adjustment for Mr. Morgan.

Trainer-to-Trainee Ratio

At previous Monitoring Visits your project staff informed ETP Analysts that you have classes that exceeded the ETP trainer-to-trainee ratio of 1:20 for Class/Lab training and 1:10 for Advanced Technology training. Ms. Tolentino informed your project staff that if you exceed the required ratio by more than 20% for 50% or more of the class/lab sessions your reimbursement may be reduced.

On November 17, 2008, Ms. Charikova provided Ms. Tolentino with a report listing all the training sessions provided to date, the number of instructors and the number of trainees in attendance per session. Based on the report provided of the 467 training sessions provided, 76 (16%) sessions exceeded the trainer to trainee ratio. In addition, the average trainer to trainee ratio for Class/Lab training is 1:13 and for Advanced Technology, 1:7.

On April 23, 2009, Ms. Charikova submitted an updated list to the Analyst which indicates that of the 593 ETP training sessions delivered, 79 (13%) sessions exceeded the trainer to trainee ratio. In addition, your average trainer to trainee ratio is 1:11 for Class/Lab training and 1:7 for Advanced Technology.

INVOICES:

Ms. Tolentino advised your project staff that the Final Invoice must be submitted within 30 days from the expiration date of the Agreement and if more time was required, you should request for an extension by writing to Kulbir Mayall, Fiscal Manager in the ETP Sacramento office.

Ms. Charikova stated that to avoid an overpayment, she will hold the final invoice until ETP makes a determination on the status of the Rosters that do not meet ETP requirements.

AUDIT:

Lockheed will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Ms. Tolentino at (818) 755-1311 or by email at MTolentino@etp.ca.gov within ten (10) working days from the receipt of this letter.

Sincerely,

Signature on file

Wally Aguilar, Program Manager
North Hollywood Regional Office

Signature on file

Marissa Tolentino, Contract Analyst
North Hollywood Regional Office

cc: Jon Gustafson, Lockheed (via e-mail)
Ron Salser, Lockheed (via e-mail)
Ulyana Charikova, Marquis Group (via e-mail)
David Guzman, Chief, Audits & Program Operations Division (via e-mail)
Kulbir Mayall, Manager, Fiscal and Certification
Master File
Project File

Date report mailed to Contractor: 6/26/09